

# CONFLICT MANAGEMENT AND NEGOTIATION

## 1. Introduction

**1.1 What is negotiation?** **Negotiation** is a dialogue between two or more people or parties intended to reach an understanding, resolve points of difference, to gain advantage for an individual or collective, or to craft outcomes to satisfy various interests.

Negotiation occurs in business, non-profit organizations, government branches, legal proceedings, among nations and in personal situations such as marriage, divorce, parenting, and everyday life. The study of the subject is called negotiation theory. Professional negotiators are often specialized, such as *union negotiators*, *leverage buyout negotiators*, *peace negotiators*, *hostage negotiators*, or may work under other titles, such as diplomats, legislators or brokers.

Negotiation can take a wide variety of forms, from a trained negotiator acting on behalf of a particular organization or position in a formal setting, to an informal negotiation between friends. Negotiation can be contrasted with mediation, where a neutral third party listens to each side's arguments and attempts to help craft an agreement between the parties. It can also be compared with arbitration, which resembles a legal proceeding. In arbitration, both sides make an argument as to the merits of their case and the arbitrator decides the outcome. This negotiation is also sometimes called positional or hard-bargaining negotiation.

Negotiation theorists generally distinguish between two types of negotiation. Different theorists use different labels for the two general types and distinguish them in different ways.

### **Distributive negotiation**

Distributive negotiation is also sometimes called positional or hard-bargaining negotiation. It tends to approach negotiation on the model of haggling in a market. In a distributive negotiation, each side often adopts an extreme position, knowing that it will not be accepted, and then employs a combination of guile, bluffing, and brinkmanship in order to cede as little as possible before reaching a deal. Distributive bargainers conceive of negotiation as a process of distributing a fixed amount of value.

The term distributive implies that there is a finite amount of the thing being distributed or divided among the people involved. Sometimes this type of negotiation is referred to as the distribution of a "fixed pie." There is only so much to go around, but the proportion to be distributed is variable. Distributive

negotiation is also sometimes called *win-lose* because of the assumption that one person's gain results in another person's loss. A distributive negotiation often involves people who have never had a previous interactive relationship, nor are they likely to do so again in the near future. Simple everyday examples would be buying a car or a house.

### **Integrative negotiation**

Integrative negotiation is also sometimes called interest-based or principled negotiation. It is a set of techniques that attempts to improve the quality and likelihood of negotiated agreement by providing an alternative to traditional distributive negotiation techniques. While distributive negotiation assumes there is a fixed amount of value (a "fixed pie") to be divided between the parties, integrative negotiation often attempts to create value in the course of the negotiation ("expand the pie").

It focuses on the underlying interests of the parties rather than their arbitrary starting positions, approaches negotiation as a shared problem rather than a personalized battle, and insists upon adherence to objective, principled criteria as the basis for agreement.

Integrative negotiation often involves a higher degree of trust and the forming of a relationship. It can also involve creative problem-solving that aims to achieve mutual gains. It is also sometimes called *win-win* negotiation.

Negotiation and conflict management are indispensable parts of each other. Where there is conflict management, the role of negotiation is vital to succeed in it. Either it is a big organization or small one no one can solve a conflict amicably without negotiation. Both the conflicting parties are to be brought closer to negotiate with each other to reach the settlement.

A negotiator is one who talks with both the parties, listen their view points and after that bring them into direct talks to remove grievances of each other. A mediator is one who interferes in a discord to resolve it but not necessarily talks with warring parties and if dispute could be resolved by directly removing the grievances of both the parties he or she may do so accordingly. Similarly solicitor also perform the same job but thru court in case of serious types of differences. The ultimate aim of all of the above is to let the group or organization move ahead smoothly free from any hurdle.

When two or more parties or people have differing opinions, conflict negotiation is often necessary. In the business world, the conflict might be over things such as

contract wording, terms of a sale or just differences in personalities or work styles. No matter what type of problem, the main issue typically is exemplified in a standoff, during which neither side wants to back down. Sometimes called mediation, conflict negotiation usually involves bringing in a third party to foster communication between the disputants, talking about solutions and creating an agreement that meets both parties' needs. The most successful types of conflict negotiations are resolved with win-win solutions, which are resolutions that are mutually satisfying for everyone involved.

Many companies train their management teams and human resources professionals in conflict negotiation. There are several types of strategies and techniques used to resolve conflicts. Most people agree that the first step is clear identification of the issue. This step can be very important, because many conflicts are the result of poor communication and misunderstandings. Effective conflict negotiators are excellent listeners who are trained to hear what each party wants as the final outcome.

After the problem has been identified and the negotiator has full understanding of the motives of all parties, he or she can begin to look for ways for the parties to come to a compromise. This phase of conflict negotiation usually involves talking to each party separately to learn what they are willing to "give up" and the issues on which they will not back down. At this point, the negotiator typically creates a revised contract or agreement by incorporating the agreed-upon compromises. Sometimes, the actual meaning of the original contract does not change, but the particular wording or phrasing that might have triggered the conflict is changed. The mediator then presents the new draft to both parties to see if an agreement can be reached.

If a compromise is not agreed upon with the new draft, the conflict negotiation typically moves into a new phase of alternative compromises and solutions. For example, if party No. 1 wants Solution A and party No. 2 wants Solution B, the negotiator might suggest a Solution C, which might incorporate parts of Solutions A and B but often involves a completely different end solution. This way, both parties do not feel that the opposing party won the conflict or got its way. If the parties do not agree at this point, then the conflict negotiation typically moves into arbitration or litigation.

Negotiator has key role in dispute resolution. If he or she is not wiser enough to analyze the discord's all aspects it won't be possible for him or her to settle it favorably and ultimately would have to apply unwanted techniques like pressure or

delaying tactics to subside the ire of warring parties and thereafter bring them to the negotiation table. Therefore, conflict management negotiations are considered lifeblood during the process of removing difference between two or more individuals or groups.

In every organization conflict is a routine matter but their management needs full attention otherwise any failure to tackle it successfully may further aggravate the situation. Well said by several that dispute spread like a disease if not contained at the very beginning that too with the help of viable techniques to resolve it with the consent of all involved in it.

Negotiating for the purpose of removing any just or undue difference of opinion between two or more parties actually calls for rational analysis of the nature of dispute. Its every aspect should be analyzed keeping in view of ground realities and entire situation of the working environment of the organization. The past history of both the disputing parties is scrutinized apart from assessment of their overall attitude in performance of their duties. Most of the times a final formula is decided to settle the confrontation after complete analysis of above factors. Otherwise chances of success remain bleak.

**1.2 Cooperative bargaining vs. Competitive:** “Animals do not negotiate. They use violence or threat of violence, and various forms of ‘dominance’ and ‘display’ to get what they want, be it food, mates or territory. Theirs is a ‘red in tooth and claw’ instinct and intentions.” Human beings negotiate, though not all of them use this method. Negotiation has been defined by various people. “The process by which by which we search for terms to obtain what we want from somebody who wants something from us is Negotiation.”

‘A joint decision made by two or more parties is referred to as Negotiation. Reaching a consensus is the basic idea behind negotiating. Enabling groups of agents to arrive at a neutral agreement regarding a belief, plan or goal, is the key form of interaction’. “Negotiation is the process of two individuals or groups reaching joint agreement about differing needs or ideas. Oliver (1996) described negotiation as "negotiators jointly searching a multidimensional space and then agreeing to a single point in the space." ‘According to Fisher and Ury, when you and the other party have interests that are shared and some that are opposed, an agreement is reached through back and forth communication is what negotiation stands for’.

## Competitive Negotiators

These types are the aggressive sorts. They are also referred to as assertive, distributive and positional. The opponent is no real concern of theirs, their interest mainly being profit maximizing for their client. The attitude they carry clearly reads ‘my way or the highway’. Their characteristics are as follows:

These negotiators do not give much importance to the relation with opposite party.

There is suspicion and hostility in attitude towards opposite party.

They use assertive and tough language.

There may be use of tools like coercion, threat or deception.

They will subtract certain items from the deal to get more profit.

They will listen less of opposite party, and they talk more.

There will make use of domination over the weaker party.

The competitive negotiator will close the negotiation by giving a final offer.

They would not prefer to bargain over it.

A competitive negotiator is of the belief that they have lost if the opponent gains what they want. They display effective communication skills and ability of faster evaluation in the client’s interest, even in tough conditions. Resisting the competitive negotiators, they feel they are not trying hard enough for the opposite party to submit before their demands. “The long-term consequences of competitive negotiation are unfavorable, yielding reduced enthusiasm and commitment as well as damaged relationships.”

They believe they know best, they may also make a display of authority, which they may not actually have. “A quasi-strength of competitive negotiation is that the tactic often intimidates opponents and creates a situation where competitive negotiators steamroll more cooperative negotiators into offering concessions and more readily agreeing to the objectives of the competitive negotiator. A major weakness of competitive negotiation, on the other hand, is that the other side will likely become competitive.

## Cooperative Negotiators

“Cooperative negotiations are particular type of negotiations where agents cooperate and collaborate to achieve a common objective, in the best interest of system as whole. In cooperative negotiation, every agent’s point of view regarding the problem and the outcome are combined together via negotiations in interest to solve the conflicts posed by having only partial view.” In the interest of everyone, these negotiators put together an optimized partial view and cooperate to reach a common object.

“Cooperative negotiation is a kind of negotiation that takes advantages of the cooperative nature of the agents to maximize social utility” To reach a settlement various offers or concessions would be considered through compromises. Focus is made on reaching an agreement rather than a continuous dispute, keeping in mind some gain to the opposite party as well. Expansion of resources between both parties is welcome. When a party does not have a strong bargaining position this method of negotiation is adopted. “In this type of negotiation the tactics or techniques that negotiators use to reach an agreement are adding issues, subtracting issues, substituting issues, and logrolling.” Characteristics of cooperative negotiators are as below.

The negotiators give importance to the relationship with opposite party.

They would communicate with honesty.

They would use soft language in communication.

The attitude towards opposite party is friendly and cooperative.

They will be ready to compromise and sacrifice.

They will add certain items to the deal, even if they incur a loss.

They may talk less and listen more.

To resolve a dispute the cooperative negotiator communicates the intention of cooperative negotiation. Other ADR methods may also be proposed, the method of negotiation may not necessarily be communicated. Problem and plan of negotiation may be sent to the opponent negotiator. They show concern about the opposite party. A cooling off period is proposed in case of no positive outcome. A cooling

off period allows both parties to consider the happenings and the proposed solutions. Time for evaluation of gains and losses is proposed in the meeting. Thereafter the negotiator can start with fresh new ideas and solutions. In order to reach a final settlement, during the period the negotiator may give a concession or compromise on certain terms. Benefit of this type of negotiation is they can tackle tough environments and smoothing out the flow of negotiation. Cooperative negotiators are also called as 'integrative negotiators.'

### 1.3 Negotiation styles: Understanding the Five Negotiation Styles

People often ask "which is the best negotiation style?" As with much management theory there is no single 'best' or 'right' approach. All five profiles of dealing with conflict are useful in different situations. Although we're *capable* of using all five, most of us tend to have one or two preferred negotiation conflict styles that we use unconsciously in most conflict situations. Why? Either because our preferred styles have worked for us in the past, or because of our temperament (nature) or because of our upbringing (nurture).

#### **Compete (I win - You lose)**

Competitive style negotiators pursue their own needs - yes, even when this means others suffer. They usually don't want to cause others to suffer and lose, they are just so narrowly focused on their shorter term gains that they plunder obviously through negotiations like a pirate. They often use whatever power and tactics they can muster, including their personality, position, economic threats, brand strength or size or market share. At its extreme negotiators call their behaviour aggressive or psychotic.

When to use?

When you need to act or get results *quickly*. Competition is critical when you are certain that something is not negotiable and immediate compliance is required. Competition can be an effective defense or counter balance to use against negotiators with a competitive conflict profile. We would recommend that you use a blended approach though, as both negotiation parties locking horns in a competitive battle can result in a spiraling deadlock.

When you're buying or selling something as a once off (e.g. selling your own home or car to a stranger), then your negotiation will likely be more competitive than say

if you were selling to a close friend or family member, or if you were in a business to business negotiation. If you're buying or selling a commodity product or service, and you have strong competition - look out, as you best get used to competing.

### **Accommodate (I Lose - You Win)**

The opposite of competing. For accommodating style negotiators, the relationship is everything. Accommodating profiles think that the route to winning people over is to give them what they want. They don't just give products and services, they are generous with information too. Accommodators are usually very well liked by their colleagues and opposite party negotiators.

When to use?

When you or your company are at fault, repairing the relationship is critical, and if you have nothing else that would benefit the other party. i.e. an olive branch or gift to rebuild bridges.

If you are in a very weak position then sometimes your best option is to give in gracefully. Think about it: if they can crush you, and they know it, what is likely to be the outcome if you resist? Yes, bring your own bandages. It may be worth (humbly) reminding them that you will both stand to lose if they put you out of business, and ask if they really want to push you out of that market. If you both intend to work together in the longer term, then refocus the negotiations on the longer term, thereby reminding the other negotiation party that their taking advantage of you now may hurt them in the future.

### **Avoid (I Lose - You Lose)**

This is most often referred to as "passive aggressive". People who habitually use this style *really* dislike conflict. Rather than talk directly with you about the issue, avoiders may instead try to take revenge without you knowing about it. The avoid style can be a typical reaction to high compete negotiators. Sellers will frequently call less often on high compete buyers (i.e. avoiding Competitive buyers) - and may choose to invest marketing money and share their best ideas and prized promotions with buyers who make themselves available (those who are not Avoiding the sales person).

When to use?

When the value of investing time to resolve the conflict outweighs the benefit; or if the issue under negotiation is trivial (trivial to both parties). Sometimes there is just not enough at stake to risk a difficult conflict situation. If there is a lot of emotion in a negotiation, it's pointless pushing through and hammering it out. Better to



allow people to calm down first, let the testosterone hormone leave everyone's system first so that reason and rationality can reappear. At that point an avoid style is likely the most pragmatic alternative - suggest a timeout of 15-20 minutes. What to do when you're dragged into a negotiation unprepared? Under these circumstances, avoidance is probably the most sensible strategy. Either avoid the meeting, or avoid discussing the issues upon which you need to prepare.

### **Compromise (I Lose / Win Some - You Lose / Win Some)**

Too many people confuse the word 'Compromise' with 'negotiation'. In reality compromising is usually little more than haggling and splitting the difference, with no deep understanding or value creation having taken place. Compromising often involves one or both negotiators settling for less than they want or need, usually resulting in an end position of roughly half way between both party's opening positions. In the absence of a good rationale or properly exchanged trades, half way between the two positions seems "fair". What compromising ignores however, is that the people that take the most extreme positions tend to get more of what is on offer, and the path they're treading with blinkers on doesn't allow the pie to be expanded.

When to use?

When you are pushed for time and you are dealing with someone who you trust. They also need to be clear that it would not be in their best interest for them to "win" a cheap victory. Both parties win and lose - but make sure you win the right things and lose the right things.

Meeting half way reduces strain on the relationship, but usually leaves precious gold on the table (and with the central banking cartel's gold suppression scheme losing its grip right now, every ounce of gold counts).

When you have nothing left to offer, and this is the only way to seal the deal. i.e. a lousy situation.

### **Collaborate (I Win - You Win)**

Most people confuse "Win/Win" or the collaboration style with the compromising style. This is most definitely not the case. "Win/Win" is about making sure both parties have their needs or goals met, while creating as much mutual value as time and resources allow. "Win/Win" negotiators usually evolve through the other profiles, growing into collaborative negotiators. This means collaborative profile negotiators can revert to one or two of the other styles when pushed or when the situation calls for it. Collaborative profile negotiators are adamant that their needs must be met - and they acknowledge that the other party has needs that must be met too.

Tragically, too many account managers are overly accommodating and compromising resulting in competitive style buyers claiming more than their fair share. When these same competitive style buyers come up against skilled collaborative style negotiators, the competitive styles blunt coercion methods don't get rewarded with concessions. Too many buyers are stretched and under tremendous time pressure, so temptation to compromise rather than invest time in collaborating wins out.

Often referred to as 'expanding the pie', collaborative negotiators are willing to invest more time and energy in finding innovative solutions, feeling secure in the fact that there will be more value to share out later on. The mantra of collaborative negotiators is: 'it's not enough that I win, I will not be happy until you have won too.'

When to use?

Under most circumstances collaboration is the primary style you should use for most goals in business to business negotiations.

As mentioned briefly in the Compete section: if a relationship is important to you, and if your market reputation is important, if the other party needs to perform and not just exchange a standard product for cash, high risk (e.g. new market or new product or both), if there is a large amount of money at stake, then you are best advised to think about all the ways in which you can build a more trusting collaborative working relationship. If you need to understand the feelings and deeper interests or motivations of all negotiators, then collaboration is your best path.